

September 3, 2024

To interested parties,

Ballard*King and Associates (B*K) is pleased to provide you with a final report for the Wahpeton Recreation Center. B*K is a recreation planning firm specializing in feasibility studies, strategic planning and master plans for new and existing sports, parks, fitness, aquatic, ice skating and recreation facilities and the organizations that operate them. Over the past 30 years we have completed over 800 recreation facility projects spread across all 50 states. Our success has been predicated on our practical experience in the parks and recreation field and by accurately representing our client's best interest. By virtue of these characteristics, we are conservative by nature in developing plans as we truly understand the financial impact of these projects on a community.

For the Wahpeton Recreation Center, B*K was tasked with conducting a market review and developing an operation plan. The market review is intended to collect data about the area and potential participants. This information is then the basis of developing an operation plan with projected revenues and expenditures.

The market review provides information about the key indicators for a recreation facility. The areas for this review were the City of Wahpeton and a 45-minute drive time, as these are the individuals most likely to consistently use the facility. The primary data points reviewed are the total population, median age, income and Market Potential Index along with alternative providers.

- Population – Nationally 1 recreation center per 24,486
- Median Age – Higher than ND & US
- HH w/ Children – Lower than ND & US
- HH Income – Lower than ND & US
- HH Expenditures – Lower than ND & US
- Spending on Entertainment and Recreation at ND & US
- Market potential for exercise walking, swimming, and volleyball exceeds national figure
- Lack of fitness facilities in service areas

While these indicators point to support for an indoor recreation center, the operations may be challenged to fully recover all operating expenses.

The operation plan was developed with a conservative approach and best practices associated with recreation and aquatic centers based on the concept provided by JLG. Typical cost recovery of indoor recreation centers across the country are 60-80%. Public recreation centers are typically labor intensive as safety and service are paramount in the operations. The next largest expenditure is utilities, especially for a facility over 80,000 square feet. Revenue is derived from daily use, memberships, programs and rentals with a market penetration of 10.1% (industry standard 8-12%).

	Year 1	Year 2	Year 3	Year 4	Year 5
Expenses	\$1,735,612	\$1,770,324	\$1,823,434	\$1,878,137	\$1,934,481
Revenue	\$1,627,593	\$1,725,249	\$1,811,511	\$1,865,856	\$1,921,832
	(\$108,019)	(\$45,076)	(\$11,923)	(\$12,281)	(\$12,649)
Percentage w/ Capital	93.8%	97.5%	99.3%	99.3%	99.3%
Capital (cumulative)	\$40,500	\$81,000	\$121,500	\$162,000	\$202,500

Overall cost recovery is estimated to be 93-99% over the first 5 years of operation, which includes an annual allocation for equipment replacement. As a point of reference, the annual subsidy for the Chahinkapa Park Swimming Pool is approximately \$60,000 for a 2-month operation.

While this model of the operations may not demonstrate the facility as fully financially self-sustaining, this does not indicate the facility should not be viewed as a success. The facility will fill a gap in providing sports, recreation and wellness for a wide range of residents and visitors. The facility will demonstrate the value Wahpeton places on an improved quality of life.

It has been a pleasure working with City and Wahpeton Parks and Recreation and members of the community. Thank you for allowing us to assist you.

Sincerely,



Scott Caron
 Senior Associate
 Ballard*King & Associates